

MINUTES OF THE SPECIAL JOINT CITY COUNCIL AND
COMMUNITY IMPROVEMENT COMMISSION MEETING
TUESDAY- -MARCH 21, 2006- -7:31 P.M.

Mayor/Chair Johnson convened the Special Joint Meeting at 8:03 p.m.

ROLL CALL - Present: Councilmembers/Commissioners Daysog,
deHaan, Gilmore, and Mayor/Chair Johnson
- 5. [Note: Councilmember/Commissioner
Daysog arrived at 9:05 p.m.]

Absent: None.

MINUTES

(06-157CC/06-009CIC) Minutes of the Special Joint City Council and
Community Improvement Commission Meeting held on March 7, 2006.
Approved.

Vice Mayor/Commissioner Gilmore moved approval of the minutes.

Councilmember/Commissioner deHaan seconded the motion, which
carried by unanimous voice vote - 4. [Absent:
Councilmember/Commissioner Daysog - 1.]

AGENDA ITEM

(06-158CC/06-010CIC) Recommendation to review Section 106 Findings
and approve revised designs of the 350-space parking garage and
Cineplex at the corner of Oak Street and Central Avenue within the
C-C T Community Commercial Theater) zoning district;

(06-158A/CC) Resolution No. 13937, "Approving Amended Final Designs
for Design Review DR05-0041 for the Proposed Cineplex at 2305
Central Avenue and DR05-0028 for the Proposed Parking Garage at
1416 Oak Street. Adopted;

(06-158B/CC) Recommendation to adopt Plans and Specifications and
authorize Call for Bids for the Rehabilitation of the Historic
Alameda Theatre; and

(06-158C/CC) Recommendation to adopt Conceptual Plans and
Specifications and authorize Call for Bids for Design-Build of the
Civic Center Parking Garage, CIP No. 90-19.

The Development Services Director provided a brief presentation.

The Architect gave a brief presentation.

The Development Services Director continued her presentation.

Vice Mayor/Commissioner Gilmore inquired whether the 15% contingency for the historic theater and the 9½% contingency for the parking structure are included in the budget, to which the Development Services Director responded in the affirmative.

Mayor/Chair Johnson opened the public portion of the meeting.

Proponents (In favor of staff recommendations): Pauline Kelley, Alameda; Kavis Brownson, Alameda (submitted petition); Harvey Brook, Park Street Business Association (PSBA); Barbara Mooney, Alameda; Lars Hansson, PSBA; Mary Amen, PSBA; Harry Dahlberg, Economic Development Commission; Ed Clark, West Alameda Business Association; Debbie George, Alameda; Marilyn Ezzy Ashcraft, Alameda; Melody Marr, Alameda Chamber of Commerce (read list of 11 names); Robb Ratto, PSBA (submitted comments); Walt Jacobs, Alameda Chamber of Commerce; Charles Carlise; Alameda; Norma Payton Henning, Alameda.

Opponents (Not in favor of staff recommendations): Joe Maylor, Alameda (submitted comments); Susan Battaglia, Alameda; Deborah Overfield, Alameda; Valerie Ruma, Alameda (submitted comments); Ani Dimusheva, Alameda; Scott Brady, Alameda; Nancy Hird, Alameda; Denise Brady, Alameda Architectural Preservation Society; Robert Gavrich, Alameda; Michael Kelly, Alameda; Eric Scheuermann, Alameda; Irene Dieter, Alameda; Vern Marsh, Alameda; Anders Lee, Alameda (submitted comments); David Kirwin, Oakland (submitted comments); Rosemary McNally, Alameda; Paula Rainey, Alameda; Jon Spangler, Alameda; Patricia Gannon, Alameda; Kevin Frederick, Alameda.

There being no further speakers, Mayor/Chair Johnson closed the public portion of the meeting.

Mayor/Chair Johnson called a recess at 9:37 p.m. and reconvened the Special Joint Meeting at 9:43 p.m.

The Development Services Director provided a brief presentation in response to public comments.

Councilmember/Commissioner Matarrese requested clarification on the General Plan requirement for a Civic Center specific plan; inquired whether a scale model could be produced.

The Development Services Director responded that a number of

printed articles have suggested that the City has not responded to the General Plan requirement for a Civic Center specific plan; stated the Planning Board extensively discussed the matter.

The Supervising Planner stated the General Plan had a policy for a specific Civic Center plan; the General Plan was adopted in 1991 to in vogue specific plans which have associated financing mechanisms; the Civic Center plan was not mandatory.

The Development Services Director stated that the General Plan also has a number of great ideas such as building affordable housing and buying Estuary Park; a prioritization process goes along with the General Plan; stated a massing model was done initially to address size and scale; a model would cost between \$16,000 to \$18,000; a model would take four to six months to prepare; the budget has escalated 3% since November 2004.

Councilmember/Commissioner deHaan inquired whether four to six months was a reasonable amount of time to prepare a model.

The Development Services Director responded a site and building model would take about four to six months; stated a survey would be needed; an expanded area model would take two to three times more.

Councilmember/Commissioner deHaan inquired what was the date of the marketing study.

The Development Services Director responded all decisions have been based upon the economic analyses completed within the last year.

Councilmember/Commissioner deHaan stated discussions have suggested that the market has changed.

The Development Services Director stated updates have been made regarding the competition; the Jack London Cinema is at capacity.

Councilmember/Commissioner deHaan stated he understood that the marketing study and subsequent economic development profile indicated that Oakland was considering adding more screens; he was not sure whether the marketing study addressed the issue.

The Development Services Director responded the marketing study did not set numbers for Jack London or speculate what additional screens would do to the market; Oakland's expansion was undetermined.

Councilmember/Commissioner deHaan stated expansion was iffy at best.

The Development Services Director stated Alameda has a very close, local market that would continue to draw patrons because of convenience and appeal; the business district and Alameda Theater are catalytic and create a draw.

Councilmember/Commissioner deHaan stated the community looks forward to having movies in Alameda; the Jack London area is not the best environment; stated the 20-inch overhand had been a concern; inquired how the 20-inch overhand was corrected.

The Development Services Director responded five inches were gained because the owner was able to utilize different speakers with different dimensions; additional inches were captured throughout the theater.

Councilmember/Commissioner deHaan stated that it appeared that inches were captured in the stair structure.

The Development Services Director concurred with Councilmember/Commissioner deHaan.

Councilmember/Commissioner Daysog stated most of the computer-assisted drawings were taken from a certain distance; inquired whether scale drawings could be provided from an up-close, upward angle.

Vice Mayor/Commissioner Gilmore thanked everyone for continuing to come out to support their position; discussions have been decisive and helpful; the historic theater closed over twenty years ago; restoring the theater was intimately tied to going to a theater in Alameda; changes in the theater industry have been discussed; a USA Today article noted that theater owners are not worried about which way the industry would go; preserving the historic theater does not make sense if there was a possibility that the theater industry would not be successful in the future; discussions have addressed single screens not being economically feasible because of maintenance and operation costs; 80% of ticket revenue goes to the studios when a film initially comes out; the percentage is higher with certain blockbusters; theater operators do not make a lot of money from ticket sales in the first couple of weeks that the movies are out; more screens are needed to rotate movies around; questioned saving the theater if the historic fabric is not preserved and the theater industry is not viable; movies have not been shown at the historic theater for over twenty years; the marketplace has not created an economical reuse of the historic theater; the building is beautiful and should be saved; she would not vote to save the theater at any price; she is concerned with

how costs have escalated.

Councilmember/Commissioner deHaan stated a quantum step has been made in the design; concerns have been expressed regarding the Oak Street traffic elements; stated two incoming lanes should be reviewed; roll-up doors are on the Oak Street side adjacent to the parking structure; he would like to review alternatives; commended the Historical Advisory Board and Architectural Preservation Society for working to make the design better; input has resulted in a majority of the architectural changes but does not mean that the mass and sizing were proper or acceptable; pricing is a concern.

Vice Mayor/Commissioner Gilmore inquired what happens if the bids are too high.

The Development Services Director responded all bids could be rejected; precautions have been made to pre-qualify bidders.

Vice Mayor/Commissioner Gilmore stated value engineering was performed on the Library project; inquired whether value engineering could be done on the theater project.

The Development Services Director responded the historic theater has been value engineered; \$1.8 million would be financed by the developer for the Furniture Fixtures and Equipment; a larger contingency [15%] was carried because historic renovations tend to have surprises; the contingency could be lowered when construction estimates are complete; value engineering would involve the most historically significant features to be restored; 70% of the hard construction budget is in systems.

Mayor/Chair Johnson inquired what was the current cost for the historic theater, to which the Development Services Director responded \$12.849 million.

Councilmember/Commissioner Matarrese stated the staff recommendation has three elements: 1) Review of the Section 106 findings, 2) adoption of a resolution [final design], and 3) adoption of plans and specifications for bidding out the historic theater and parking structure; general consensus was that the current design is much better than before and is a credit to the architect and individuals who provided comments; the bidding process would provide the key on whether or not to save the historic theater at any cost; starting now is critical; he would like to see the project go out to bid; another evaluation would be necessary once the bid results are received; he does not believe the size would affect the character of the City because the people

are the character; Park Street has blossomed by bringing in Starbuck's Coffee and Peet's Coffee; stated he was ready to move forward.

The Development Services Director clarified that the previously mentioned \$12.849 million figure [for the historic theater] includes acquisition, relocation and contingencies; the rehabilitation is estimated at \$7.3 million.

Councilmember/Commissioner Daysog stated that tonight's meeting addressees design and the bidding process; the financial aspects of the project continue to trouble him; Alameda will collect 30 to 40 cents per-square foot on the historic theater, which is substantially below the \$1.50 per-square foot market rate for new theater space; he remains convinced that the City should be collecting a rent significantly north of 40 cents per-square foot and somewhere south of \$1.50 per-square foot to ensure that the project is financially beneficial to both the City and the developer; the difference between 40 cents per-square foot and \$1.50 per-square foot may seem trivial but equates to millions of dollars that Alameda would be losing over many years; rehabilitation costs have increased by 30% with strong prospects of increased costs once rehabilitation commences; the City should be collecting a rent commensurate with the project risks; the need for a better deal with the developer is underscored by the fact that both a consultant and City staff agreed that local residents would buy movie tickets in droves; the Central Cinema proves the demand analysis to be correct; both the developer and the City should be sharing in the anticipated strong demand for movie tickets and concessions; the historic downtown area should be revived by refurbishing the old theater within the dictates of financial prudence and reason.

Mayor/Chair Johnson requested clarification on the rental rate for the historic theater.

The Development Services Director responded that the historic theater differs from new theater space; the overhead, maintenance, and lease requirements are quite extraordinary; the lease requirements for maintenance are very strict; the Grand Lake Theater's rent structure is almost identical to Alameda's with the exception of retail rent; the historic theater retail space would be maintained by the City under the ground lease and the City would receive all of the rental income; the Grand Lake Theater had all improvements and investments made years ago; the City has a healthy box office/concession profit participation starting at 17% above a performance measure once the developer reaches a certain return; profit participation is through the life of the project; the

community should not be responsible for the long-term maintenance.

Councilmember/Commissioner Daysog stated the information is very helpful, but the fact remains that there is a huge spread between 40 cents per-square foot and the market rate; the City should collect 60 to 80 cents per-square foot; the developer would still receive a substantial, below market rent; he believes 40 cents per-square foot is significantly south of where the City should be.

Councilmember/Commissioner deHaan stated parking was the most important issue in the Downtown Vision Plan; the theater was considered a nicety but not a necessity; two redevelopment areas were merged to develop a funding stream; approximately \$26 million was left from the \$47 million after pay offs; the majority of the money was spent on Park Street; approximately \$1.2 million was spent in the Webster Street area; the majority of revenue came from Marina Village; alternative sites were considered to gain additional parking; the parking analysis indicates a shortage of 19 spaces during peak times; the theater uses the vast majority of the parking capacity; parking spaces have been lost with the street renovation; parking spaces were bought out with the Knowles project; the proposed parking structure was initially was six levels; seven levels were needed because of the setback; the seventh level is not serviced by the staircase or elevators; the new parking is not 350 spaces because there was existing parking at the Video Maniacs; 280 additional spaces would cost approximately \$40,000 per parking space; if all parking spaces are counted, the amount gets down to about \$32,000 per space; studies indicate a range from \$15,000 to \$17,000 per space; today's costs are close to \$20,000; a larger construction cost is created by building vertically; the City would pay \$3.8 million for the staircase, escalator, and elevators because seven screens require two stories; a seven or nine screen theater could be built at the old Video Maniacs site and a parking structure could be built elsewhere if the building was single story; he is concerned with the extra \$4 million from the bonds; the theater is not a complete restoration; the lobby would be beautiful; the balcony probably would not be completed because of constraints; he has concerns that heavy traffic would be brought to Oak Street; a study was conducted for 11:00 p.m. to 1:00 a.m. Saturday traffic while the peak hours start at 8:30 p.m.; project costs are now estimated to be \$28 million; the \$7 million HUD loan was not anticipated when the project began; alternate parking space locations are available which would enable more screens if necessary; the US Bank site would provide 350 parking spaces; he has major financial concerns.

The Development Services Director stated the City floated a \$46.5 million bond with a net of \$40 million; \$13 million was to repay

Marina Village for the investment made in infrastructure; \$2.2 million was to repay a loan from the West End project; approximately \$4 million of the Streetscape Project was uncommitted; projects identified for the Bond money included the Alameda Theater, Bridgeside Shopping Center, and parking structure; \$7.5 million was for the Alameda Theater and \$10.3 million was for the parking structure; the 2002 parking study assumed that the average space would cost approximately \$18,000 per parking stall; the cost did not include relocation, demolition, or property acquisition; current per space construction costs are \$23,700; the \$32,000 cost per space includes acquisition, relocation, design, etc.; Watsonville just finished a 460 parking space garage which was bid at \$20,600 per space eighteen months ago; concrete costs have accelerated; Santa Rosa recently bid a parking garage at \$30,000 per stall for construction; the elevator requirements of the new theater serve the historic theater also; an elevator is required for a public assembly facility; the previously proposed parking structure included parking on the top deck; each level has increased in height to accommodate equipment and air space needs; a \$3 million grant was submitted to the State under Proposition 30 about a month and a half ago for additional historic theater preservation activity.

Mayor/Chair Johnson stated real costs would not be know until construction bids are received; the City experienced bids coming in over budget for the New Library; the Webster Street project was overbid and the bids were rejected; concurred with Vice Mayor/Commissioner Gilmore regarding not restoring the theater at any cost; the theater has been rotting for 25 years since a 1981 vote to save the theater; theater preservation and restoration may not be important to everyone; the majority of the community finds restoring the theater important; attempts to save the theater have failed in the past; opportunities are coming to an end; the roller rink significantly damaged the property; she does not want the theater to have five screens; the theater should not be restored if the integrity is destroyed; another project would not go forward if the current project was unsuccessful; the current design was significantly different than the past; urged moving forward with the project.

Councilmember/Commission Matarrese moved approval of the staff recommendations and adoption of the resolution.

Vice Mayor/Commissioner Gilmore seconded the motion, which carried by the following voice vote: Ayes: Councilmembers/Commissioners Gilmore, Matarrese, and Mayor/Chair Johnson - 3. Noes: Councilmembers/Commissioners Daysog and deHaan - 2.

Councilmember/Commissioner Matarrese requested staff to review the possibility of having the U.C. Berkeley Architecture School build a model.

Mayor/Chair Johnson stated not holding up the project was important.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the Special Joint Meeting at 10:57 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.